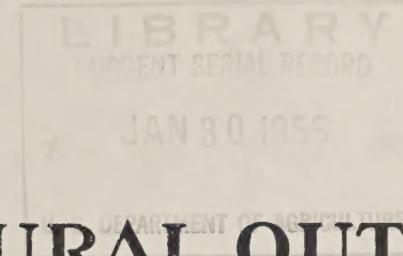


1,941
S 8A982
Cop. 2



1956 OUTLOOK ISSUE
FOR RELEASE NOV. 18,
P.M. 1955

The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



AOD-11 NOVEMBER 1955

Large supplies will again weigh heavily on farmers's markets in 1956.

Production of both crops and livestock are at record levels this year and stocks have continued to build up. Large numbers of livestock on farms and big supplies and lower prices of feed assure heavy output of meat, milk and poultry products next year. Little can be said about crop prospects in 1956 at this time. Allotments and quotas will again limit acreages of wheat, cotton, and some other crops. With average weather, crop production might fall below this year when yields averaged highest on record.

Demand in 1956 is expected to be as strong as . . . perhaps stronger than . . . this year.

Farm exports increased 7% in value, 12% in volume, in 1954-55 . . . the higher level is likely to be maintained in 1955-56.

The American consumer is likely to have more dollars to spend next year. Our appraisal of the outlook for the general economy indicates a further increase in business activity into 1956, though probably at a slower rate than this year.

Investment by businessmen for plants and equipment is expected to increase further. State and local governments will continue to spend increasing amounts for schools, roads and other facilities. The consumer market will remain strong.

As consumers' income has risen in recent years, they have continued to spend about a fourth of it for food. But an increasing share has gone to pay the costs of getting food from the farm to the consumer. This year, 59 cents of each dollar consumers spend for a "market basket" of U.S. farm produced foods goes for marketing charges. The farmer's share is 41 cents. During 1947-49, the marketing share averaged 51 cents and the farmer's share 49 cents.

Consumers also are demanding more services in connection with the food they buy. Consequently, only part of the increased demand for food at the retail store has been passed through to the raw materials sold by farmers.

Prospects for big supplies and no marked increase in demand point to slightly lower average prices for products in 1956 than this year. Most of the reduction will be in crops for which supplies are heavy. Provisions of current legislation point to lower support prices for wheat, cotton and corn. Prices of livestock products, as a group, are likely to hold near 1955 levels.

Only little relief from the high costs of production is in view for 1956. Farmers will pay less for feed, but wages, interest and taxes will be up. Prices for many industrial products also may be higher. With cash receipts likely to be down a little because of lower prices, the net income realized by farm operators also is likely to be off some from 1955.

LIVESTOCK. A sharp increase in slaughter of cows and heifers this year has reduced the nation's breeding herd. This probably will mean smaller calf crops in 1956 and later

years and a gradual decline in the number of cattle on farms. This is likely to be accompanied by a slow recovery in cattle prices.

Hog production is expected to level out or turn downward in 1956 after 2 years of increase. Slaughter in the first half of next year from pigs produced this fall probably will be above the first half of 1955. Next spring's crop, which will be sold in the last half of 1956, probably will be about the same as the 1955 spring crop. The 2-year decline in prices probably will end in 1956.

DAIRY. Milk output next year is likely to rise above the record expected for 1955. Feed prices have declined and milk prices have improved relative to those for hogs, a competing enterprise on many farms. The long-time trend toward higher production per cow is likely to continue. The gain in production likely to be about matched by higher consumption. Prices are likely to remain close to support levels.

POULTRY AND EGGS. Farmers are expected to add more chickens to their laying flocks next spring than this year because of the improvement in the egg-feed price ratio. As a result, egg production the last half of 1956 is likely to be above 1955 levels and prices lower. Until then, egg output is likely to be close to a year earlier. Prices of turkeys and broilers also have been more favorable compared with feed and increased production of both is likely next year.

FEED. Supplies of feed concentrates for 1955-56 are a record, both in total and per animal unit. Prices will average lower than in the 1954-55 feeding year.

FATS AND OILS. Supplies of all oilseeds are plentiful and prices for the 1955-56 year are likely to average near support levels and less than in 1954-55. Total supplies of food fats are about equal to last year's record. Exports again are expected to be large.

WHEAT. With marketing quotas again in effect, farmers probably will seed about 55 1/2 million acres for harvest in 1956. Average yields would result in a crop of 860 million bushels compared with 916 million this year. The supply will continue heavy, however, since the carryover next July 1 is likely to be up a little from the record of last July 1.

VEGETABLES. The pack of processed vegetables was larger this year than last but carry-over stocks were down. Supplies per person are not much different than last year. With consumer demand strong, processors probably will seek larger acreages of several vegetables next year.

The increased 1955 potato crop has been bringing considerably lower prices than a year ago. This is likely to discourage any increase in potato acreage in several areas.

TOBACCO. Domestic use of flue-cured and burley in 1955-56 is likely to be larger than in 1954-55 . . . that of other types the same or a little greater. Mainly because of government export programs, exports of unmanufactured tobacco probably will be up significantly. Supplies of most kinds of tobacco are large compared with prospective use.

FRUIT. Demand for fruit in the U.S. in 1956 is expected to continue as strong as in 1955 since consumer income is likely to continue high. Exports are likely to be up. Supplies for next year will depend largely on the weather . . . average growing conditions probably would result in larger total crops of both deciduous and citrus fruits.

COTTON. The 25.8 million bale cotton supply for 1955-56 is 2.3 million more than last year and a record. During the first two months of this season, U. S. mill consumption was 7% above a year earlier but exports were down sharply.